

Decision 06-04-009 April 13, 2006

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Casmalia Community Services District,

Complainant,

vs.

Unocal Corporation, also known as Casmite  
Water System,

Defendant.

Case 03-09-001  
(Filed September 2, 2003)

In the Matter of the Application of The Casmite  
Corporation for a Certificate of Public  
Convenience and Necessity to Operate a Public  
Utility Water System Near Casmalia in the  
County of Santa Barbara and to Establish Rates  
for Service.

Application 03-12-024  
(Filed December 22, 2003)

**OPINION PERMANENTLY RESCINDING SANCTION  
AND CLOSING PROCEEDINGS**

In this decision, we permanently rescind a penalty of \$1.8 million assessed against The Union Oil Company of California (Unocal) because the company has satisfied the conditions set forth in our earlier decision to avoid the imposition of this monetary sanction.

## **Background**

In our Decision (D.) 05-11-030, effective November 18, 2005, we imposed a penalty of \$1.8 million against Unocal, calculated at \$500 per day for the ten-year period the company aided and abetted The Casmite Corporation (Casmite) in the operation of a water utility without a certificate of public convenience and necessity (CPCN).

The imposition of the monetary sanction against Unocal for violation of Pub. Util. Code § 2111, was suspended on the condition that Unocal submit to the Executive Director, within 60 days of the effective date of D.05-11-030, an unconditional release of any and all claims against Casmite for loans or advances made before the effective date of the decision. If the unconditional release was timely submitted, we indicated that the imposition of the \$1.8 million penalty would be permanently rescinded.

On January 10, 2006, Unocal's attorney of record transmitted to the Executive Director the certificate of Unocal's assistant secretary indicating that Unocal's board of directors had adopted a resolution effectuating an unconditional release of all claims for loans or advances made to Casmite. Subsequently, Unocal lodged in this proceeding a copy of this letter and certificate.

Unocal has satisfied the conditions imposed by the Commission for avoiding the imposition of the monetary sanction.

## **Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Assignment of Proceeding**

Geoffrey F. Brown is the Assigned Commissioner and John E. Thorson is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. In D.05-11-030, effective November 18, 2005, the Commission assessed a penalty of \$1.8 million against Unocal, calculated at \$500 per day for the ten-year period it aided and abetted Casmite in the operation of a water utility without a CPCN, in violation of Pub. Util. Code § 2111.

2. The imposition of the monetary sanction against Unocal was suspended on the condition that the company submit to the Executive Director, within 60 days of the effective date of D.05-11-030, an unconditional release of any and all claims against Casmite for any loans or advances made before the effective date of the decision. If the unconditional release was timely submitted, D.05-11-030 indicated that the imposition of the \$1.8 million penalty would be permanently rescinded.

3. On January 10, 2006, the Unocal's attorney of record transmitted to the Executive Director the certificate of Unocal's assistant secretary indicating that Unocal's board of directors had adopted a resolution effectuating an unconditional release of any and all claims, preceding the effective date of D.05-11-030, for the reimbursement of loans or advances to Casmite. Subsequently, Unocal lodged a copy of this letter and certificate in this proceeding.

### **Conclusions of Law**

1. Unocal has satisfied the Commission's conditions for avoiding the imposition of the monetary sanction of \$1.8 million assessed against the company for violation of Pub. Util. Code § 2111.

2. This decision is an uncontested matter granting the necessary relief to Unocal. The public review and comment period required by Pub. Util. Code § 311(g)(2) is appropriately waived.

## **O R D E R**

### **IT IS ORDERED** that:

1. The public review and comment period required by Pub. Util. Code § 311(g)(2) is waived.

2. The assessment of a penalty of \$1.8 million against The Union Oil Company of California for violation of Pub. Util. Code § 2111, pursuant to ordering paragraph of Decision 05-11-030, is permanently rescinded.

3. Case 03-09-001 and Application 03-12-024 are closed.

This order is effective today.

Dated April 13, 2006, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
GEOFFREY F. BROWN  
DIAN M. GRUENEICH  
RACHELLE B. CHONG  
Commissioners

Commissioner John A. Bohn recused himself from this agenda item and was not part of the quorum in its consideration.